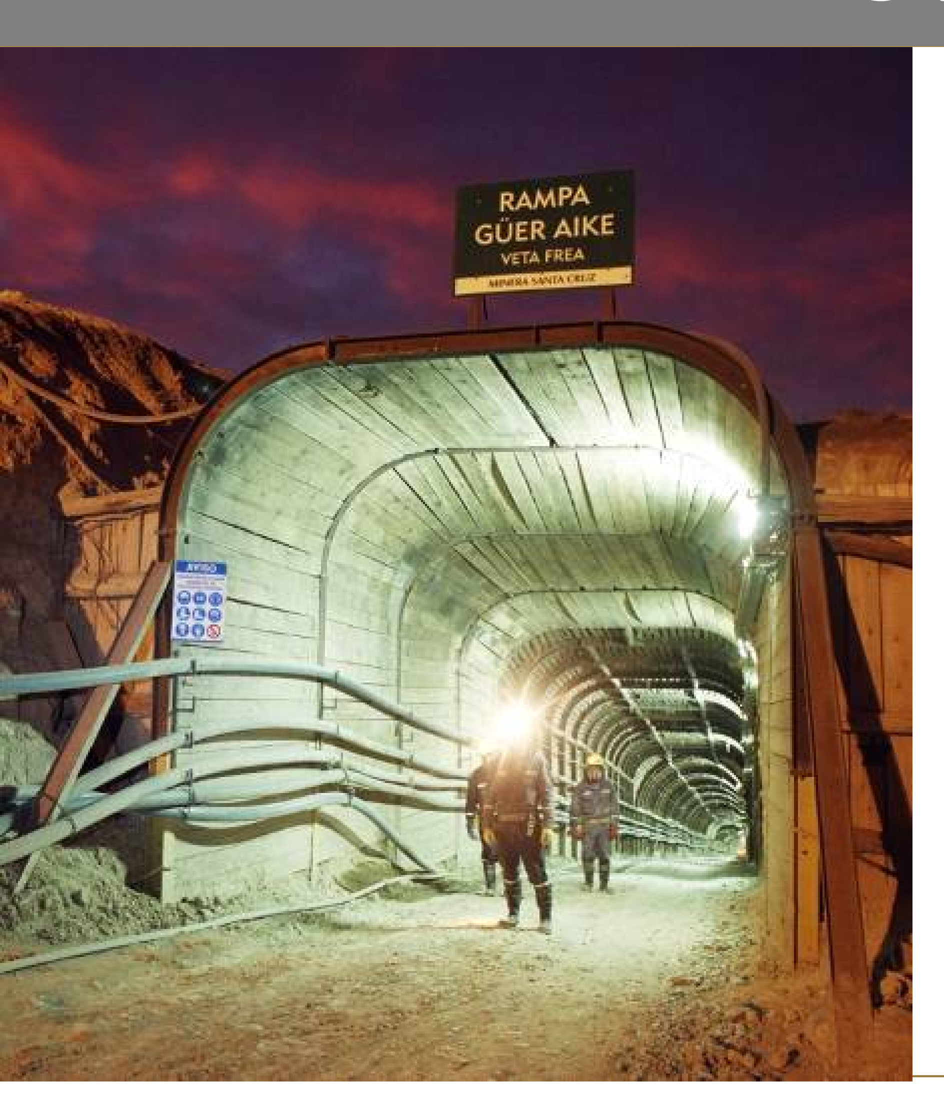
Hochschild Mining plc



Denver Gold Forum

September 2010

Ignacio Bustamante, CEO

Ramon Barúa, CFO

Isabel Lutgendorf, Head of IR



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Disclaimer

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Focus on value creation



- **Leading precious metals producer**
  - Owner of 3 of the 12 largest primary silver mines in the world
- **Specialising in high margin, precious metal assets in the Americas**
  - Production: 66% Ag, 34% Au
  - Operations in Peru, Argentina and Mexico
- **Mine operators for over 40 years**
  - Flagship mine Arcata in production since 1964
  - 2010 production: 26.3 moz Ag Eq
  - Mine life of 7.9 years and growing
- **FTSE 250 with market cap over US$2bn**
  - Financial net debt of $168m as of June 2010
- **Project pipeline**
  - $50 million exploration budget in 2010
  - Actively drilling projects in Peru, Mexico and Chile

Strategy - pillars for growth

1 Core Assets

- Optimise life of mine at main operations
- Increase productivity
- Cost controls

- Arcata
- San José
- Pallancata

2 Exploration

- Fund exploration through largest ever budget
- Maximise economies of scale by targeting opportunities within clusters
- Strategic project pipeline

- Company makers
- Company maintainers

3 Corporate Development

- Focus on early stage projects with high geological potential and clear path to control

- Strategic Investments





1 Current operations

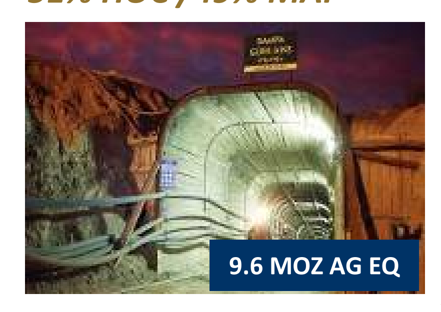
ARCATA, Peru
100% owned



PALLANCATA, Peru
60% HOC/40% IMZ



SAN JOSÉ, Argentina
51% HOC /49% MAI

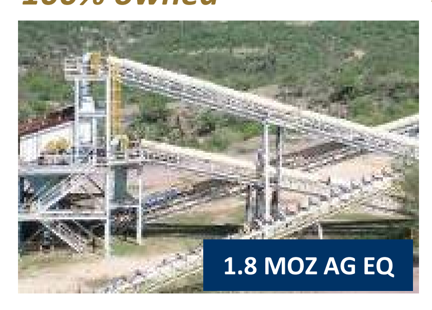


Main operations

ARES, Peru
100% owned



MORIS, Mexico
100% owned



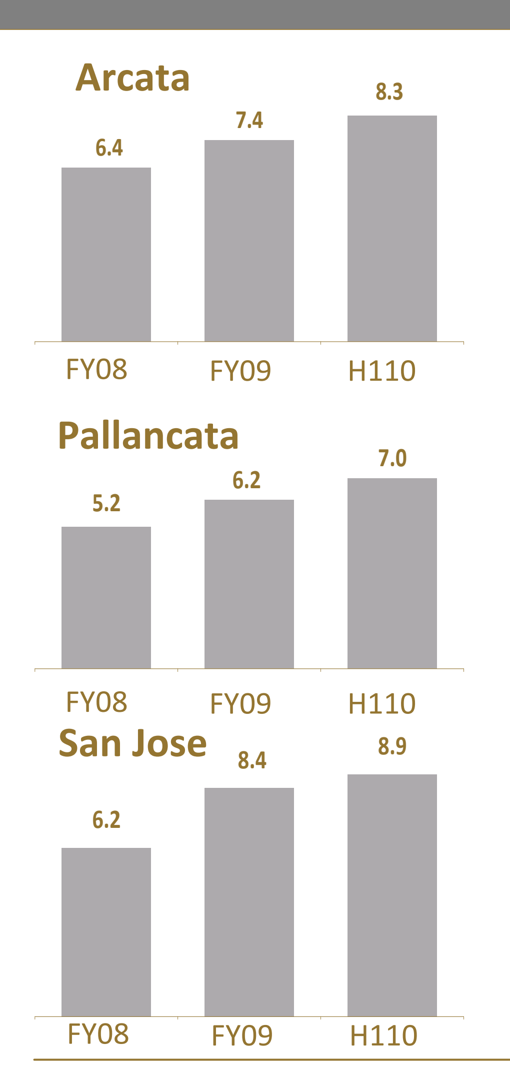
Smaller, ageing mines

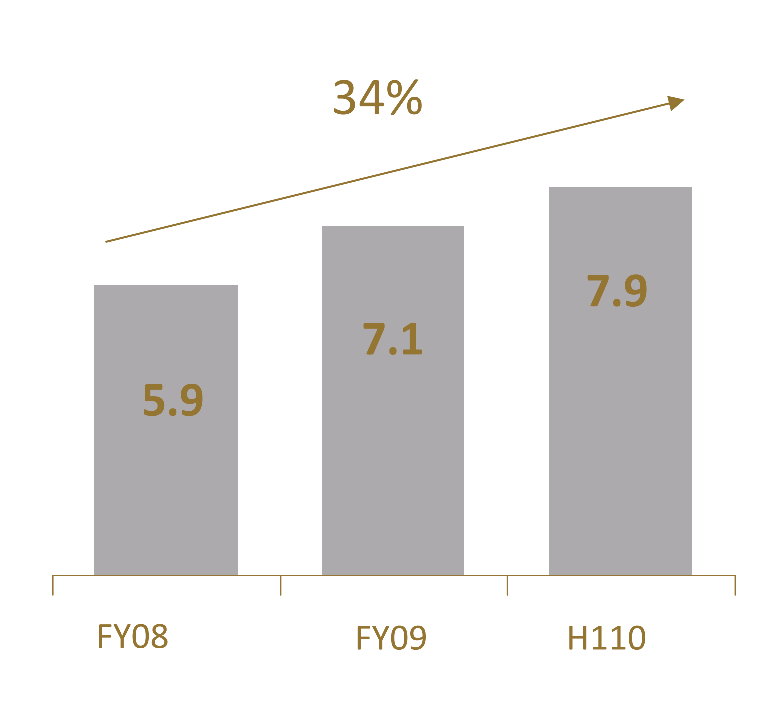
- *Production figures relate to full year 2009 and are based on 100% production*



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1 Focus on increasing resource life [1]





- LOM expected to increase further by the end of the year
- Reserve cut-off grades applied to resources
- High conversion rate from resources to reserves

[1] *Arcata, San Jose, Pallancata.*
Resources includes reserves



Exploration: High quality project pipeline

Legend	
Peru	Mexico
Argentina	Canada
Chile	

CURRENT OPERATIONS

- Arcata (Peru)
- Pallancata (Peru)
- San José (Argentina)
- Ares (Peru)
- Moris (Mexico)
- GRC - El Aguila (Mexico)
- Lake Shore Gold (Canada)

COMPANY MAKERS | **COMPANY MAINTAINERS**

Mines

Resource Development

- Azuca (Peru)
- Crespo (Peru)
- Inmaculada (Peru)

Drill Targets

Company makers:
- Victoria (Chile)
- Mercurio (Mexico)
- Sabina (Peru)

Company maintainers:
- Mosquito (Argentina)
- La Flora (Argentina)
- Los Pinos (Argentina)
- Astana Farallon (Peru)
- Cerro Blanco (Peru)
- Huacullo (Peru)

Prospects

Company makers:
- Josnitoro (Peru)
- Apacheta (Peru)
- Corazon de Tiniebla (Mexico)

Company maintainers:
- Argenta (Argentina)
- Ibel (Peru)
- Careli-Carmen (Peru)
- San Martin (Peru)

Generative	Projects	Mines
265,489ha	479,785ha	211,945ha

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2 Company maintainers

AZUCA, Peru

CRESPO, Peru



INMACULADA, Peru

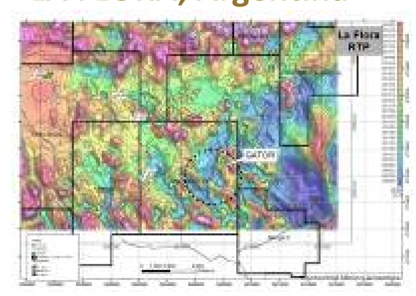


Scoping stage

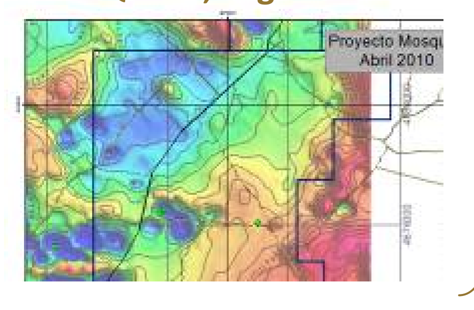
CERRO BLANCO, Peru



LA FLORA, Argentina



MOSQUITO, Argentina



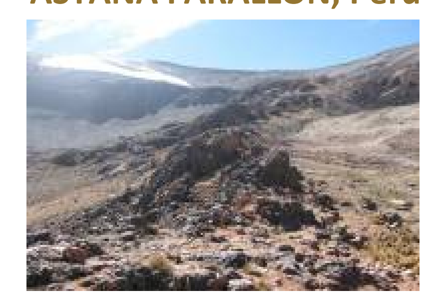


Drilling underway during 2010

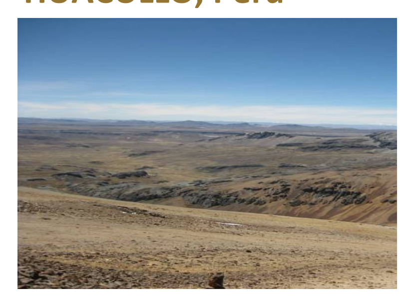
LOS PINOS, Argentina



ASTANA FARALLON, Peru



HUACULLO, Peru



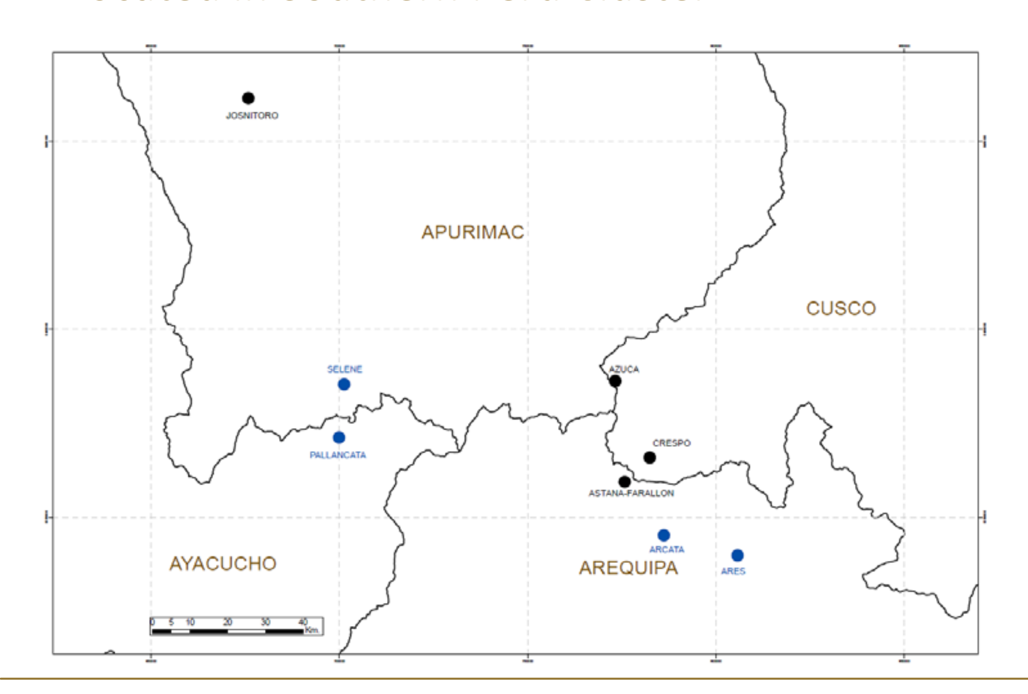
Target preparation

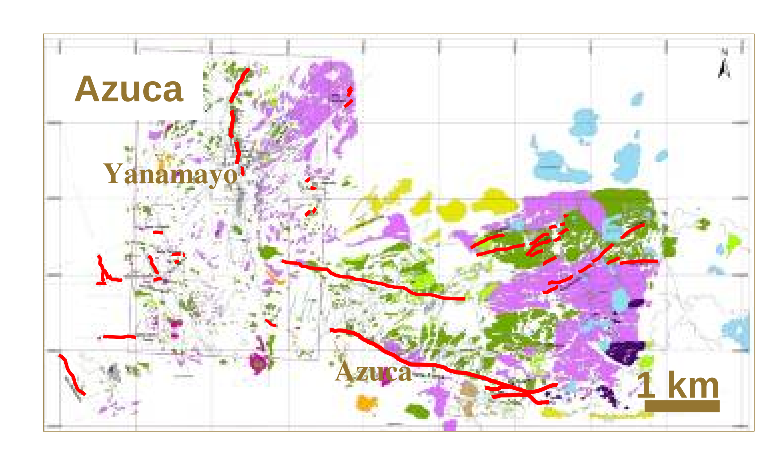


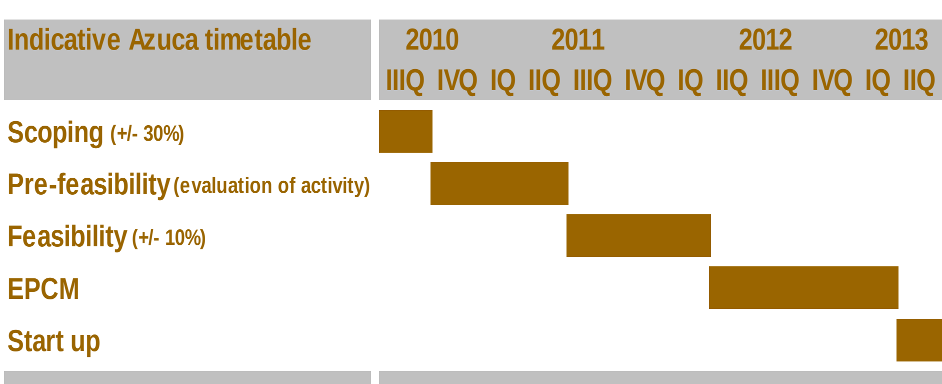


Advanced projects: Azuca (Peru)

- 100% owned project
- 60moz Ag Eq of resources in Q3
- Scoping study underway
- Geological potential in the area
- Located in Southern Peru Cluster







Indicative Azuca timetable	2010		2011				2012				2013	
	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ	IQ	IIQ
Scoping (+/- 30%)	■											
Pre-feasibility (evaluation of activity)		■	■	■								
Feasibility (+/- 10%)					■	■	■					
EPCM								■	■	■	■	
Start up												■



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Azuca geological data

Azuca Project Surface Map

Potential Area

North System (Yanamayo)

Vivian Vein

DD-901
TW = 0.80m
672 g/t Ag & 2.83 g/t Au

DD-914
TW = 0.80m
598 g/t Ag & 16.23 g/t Au

DD-825
TW = 3.15m
303 g/t Ag & 1.89 g/t Au

DD-103
TW = 2.12m
1313 g/t Ag & 0.99 g/t Au

West System

Azuca Oeste Vein

DD-905
TW = 7.78m
350 g/t Ag & 2.51 g/t Au

East System

Azuca Vein

Legend
- Veins
- Basaltic Andesitic Flow
- Rhyodacitic Subvolcanic
- Rhyodacitic Tuff
- Andesitic Subvolcanic
- Porphyritic - Aphanitic Andesitic Flow
- Porphyritic Andesitic Flow
- DD Diamond Drill
- TW True Width

N

770000 772000 774000 776000 778000

8390000 8388000 8386000 8384000

0 250 500 1,000 1,500 2,000 Meters

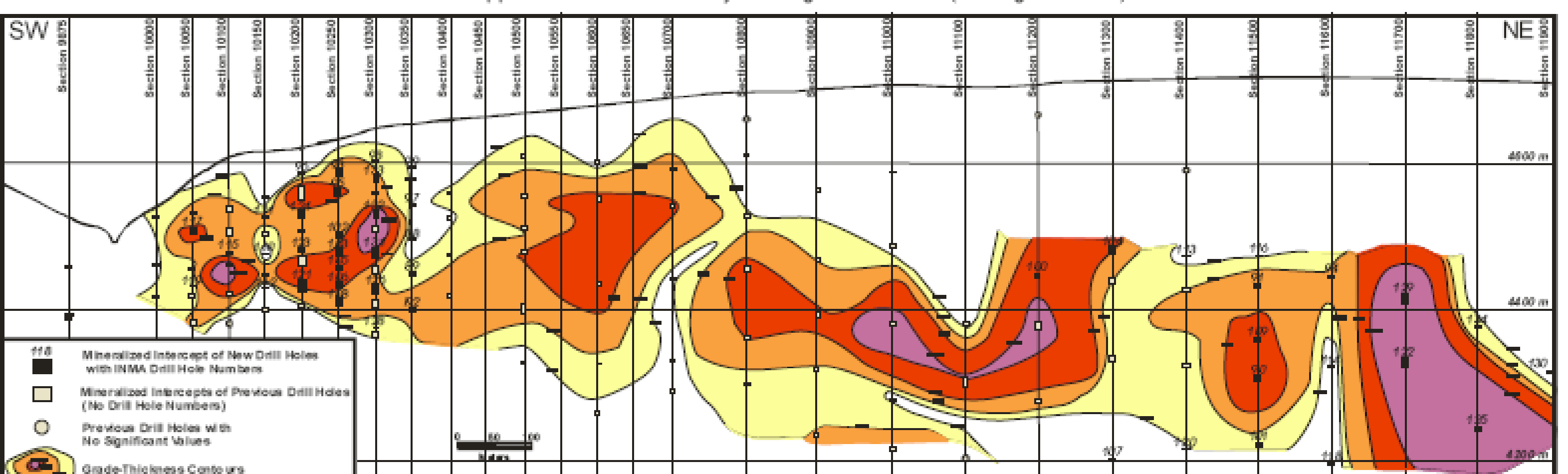


Advanced projects : Inmaculada (Peru)

- HOC currently owns a 49% interest
- IMZ currently owns remaining 51%; can earn 70% interest by completing and funding a feasibility study by September 2013
- Single vein geological body with potential for further continuity

	Tonnes (m)	Au (g/t)	Ag (g/t)
Measured & Indicated	3.8	4.3	129
Inferred	4.4	4.6	200

Appendix 2: Inmaculada Project - Longitudinal Section (Looking Northwest)

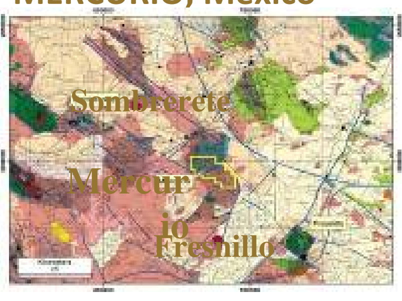


2 Company Makers

VICTORIA, Chile



MERCURIO, Mexico

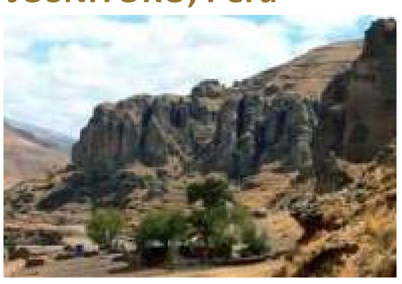


SABINA, Peru

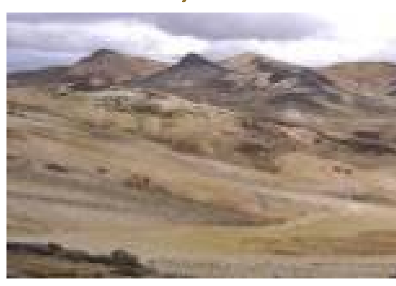


Drilling in progress

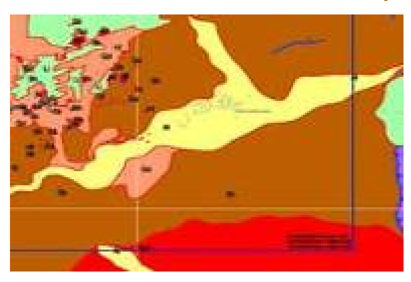
JOSNITORO, Peru



APACHETA, Peru



CORAZON DE TINIEBLAS, Mexico



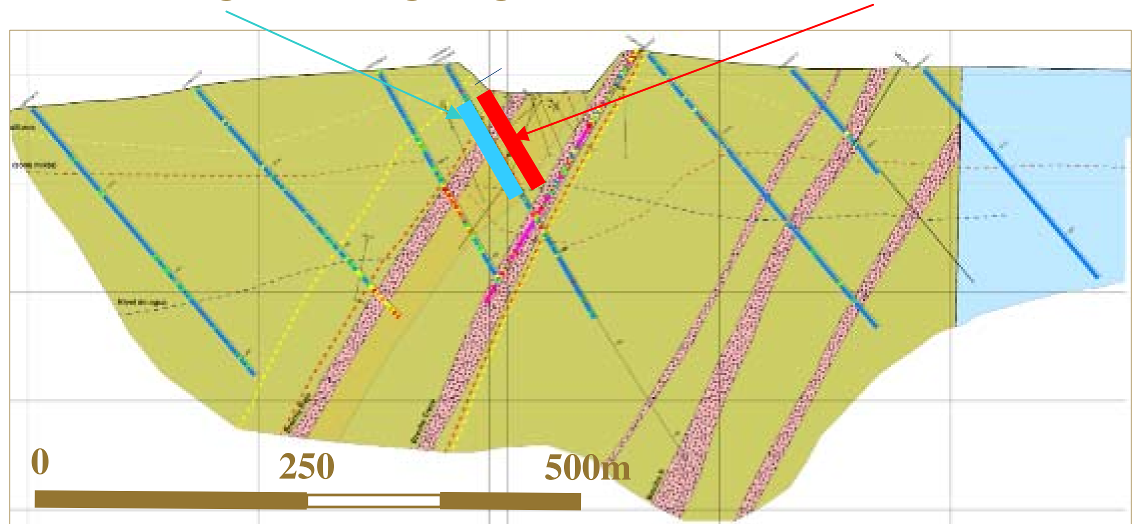
Permits and drilling campaign underway

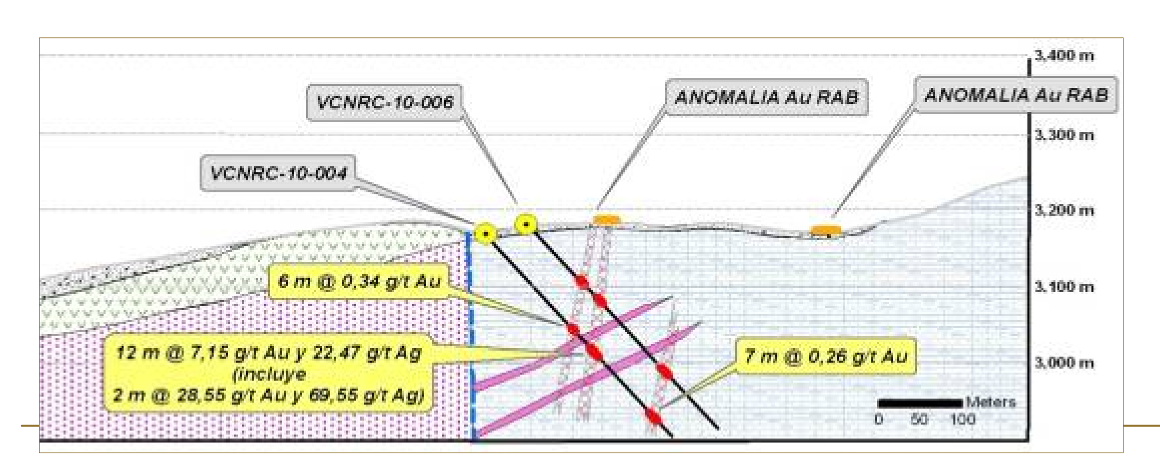




Company Makers - Victoria, Chile







Ownership: option to acquire up to 60%

Vaquillas Target

- New discovery (10.5m @ 8.9 g/t Au & 116 g/t Ag)
  - Includes 1.13 m @ 78 g/t Au & 802 g/t Ag
- Recent diamond drilling suggests that previous RC drilling may have understated both gold and silver grades
  - Further drilling planned to confirm said conclusion

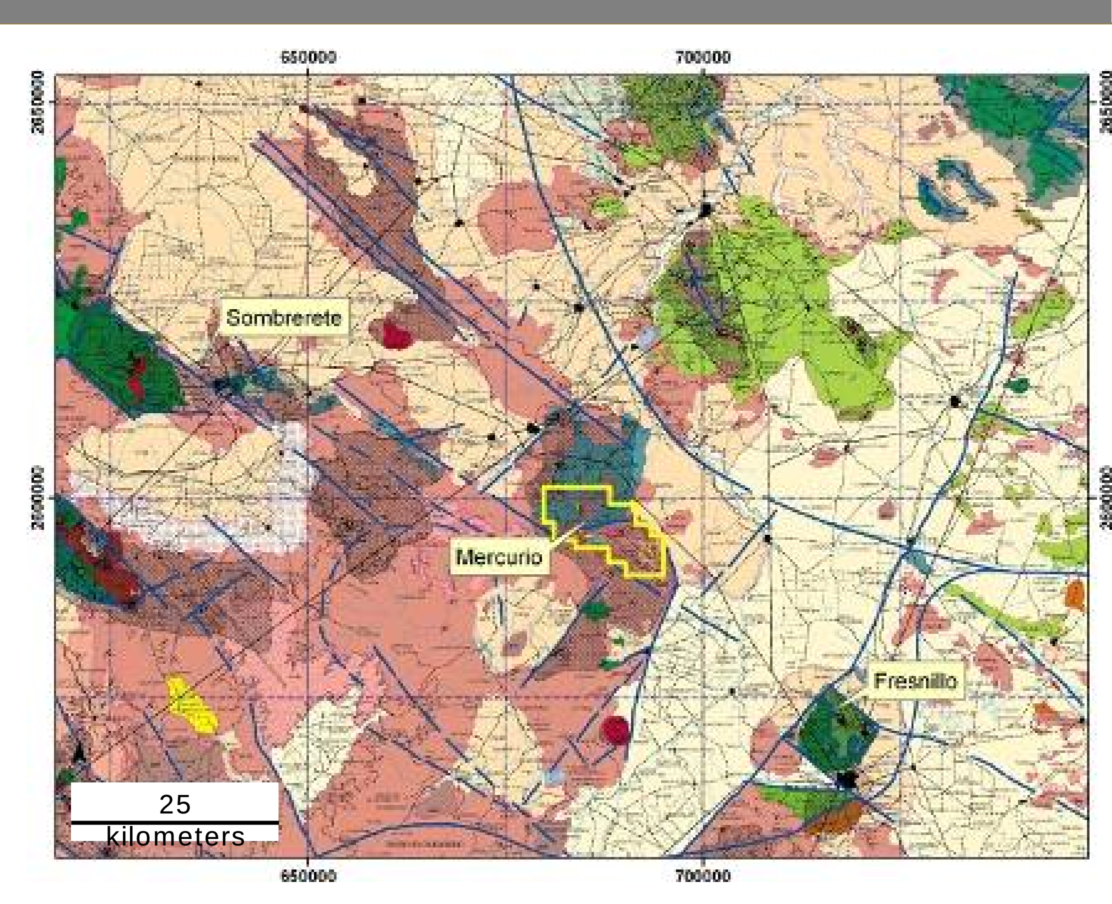




2 Company Makers: Mercurio, Mexico

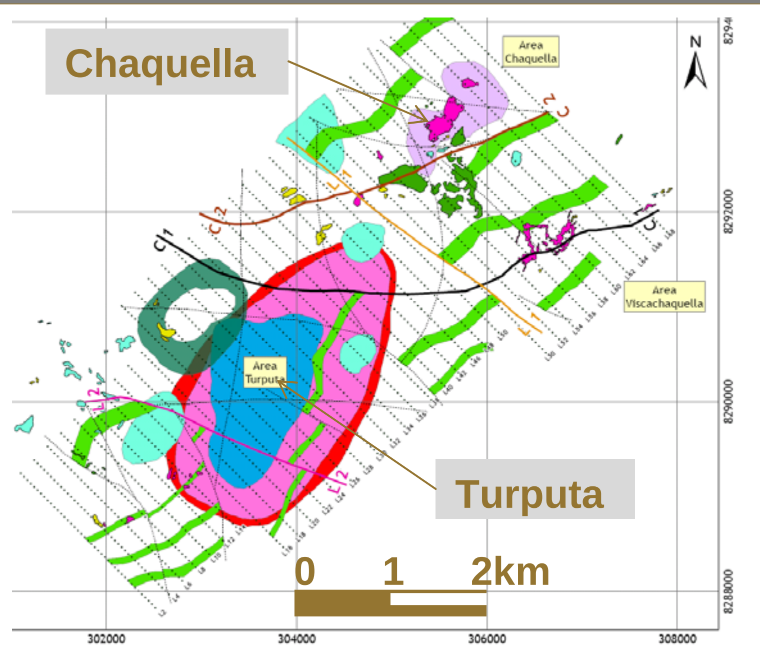
- Generative work identified 36,388 hectares of prospective open ground between two high grade mines:
  - Sombrerete: produced 210 moz Ag eq. (700 g/t Ag and 1.5 g/t Au) between 1545 and 2000
  - Fresnillo: produced 1,100 moz Ag (700 g/t Ag and 0.6 g/t Au) between 1553 and 2004

- Recent drilling results include:
  - La Troje Manto: 2m @ 1.8 g/t Au, 997 g/t Ag
  - DH-5: 40m (82-122m) s86m @ 20 g/t Ag, 0.22% Cu; 0.49% Pb, 1.40% Zn (includes: 3.5m @ 300 g/t Ag, 4.36% Cu; 1.18% Pb, 7.49% Zn).





2 Company Makers: Sabina, Peru - Chaquella target



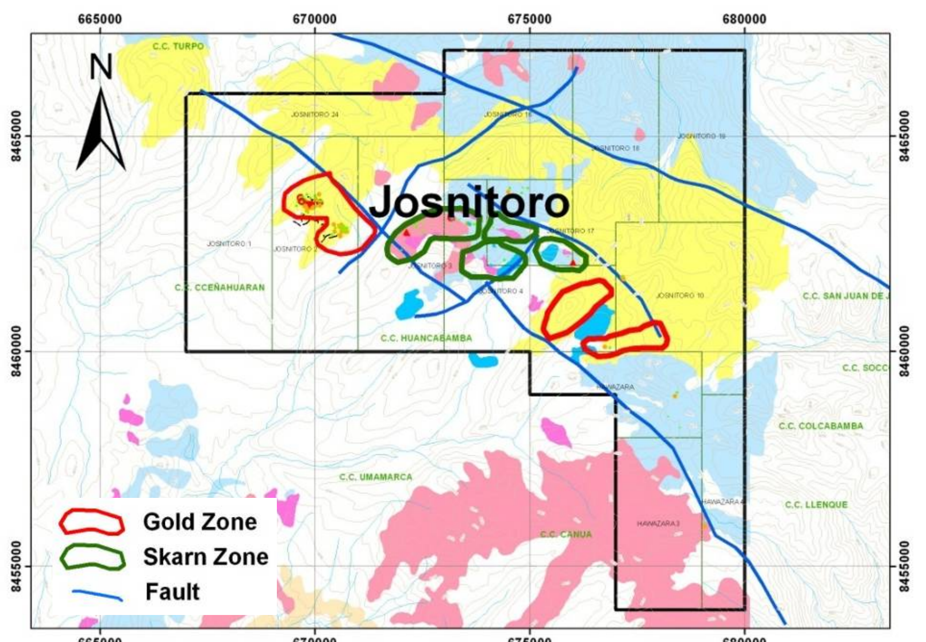
DDHSA1001
295m
DDHSA1002



Surface sampling (0.1-0.6 g/t Au) in line with partial results from first core hole: 11.8m @ 0.38 g/t Au, 1.6 g/t Ag

2 Company Makers: Josnitoro, Peru

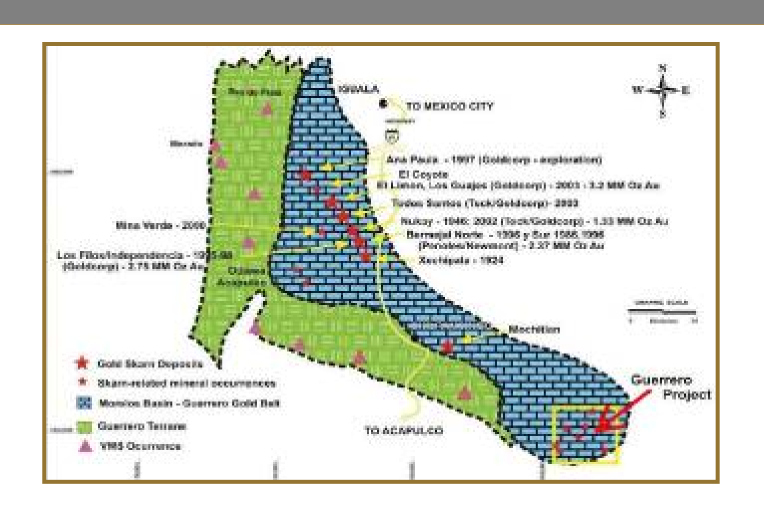
- 100% owned project
- 10,500 hectares
- Mineralised cuarcites with visible gold; mineralisation starts at surface
- Permitting underway





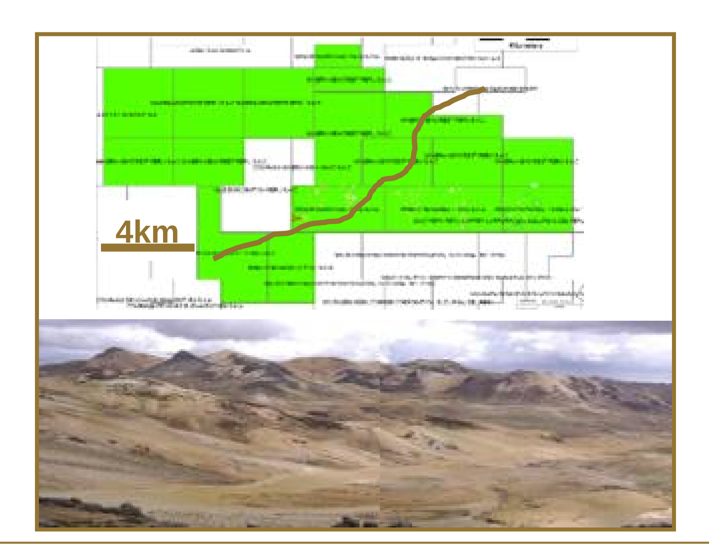
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2 Other potential Company Maker targets



Corazón de Tinieblas, Mexico (100% owned)

- Guerrero Gold Belt: +10moz Au endowment
- Project has similar geological characteristics
- Field work commenced in H210



Apacheta, Peru (100% owned)

- Footprint >12 x 6 km silicification & advanced argillic alteration
- Early stage, only 1,000 surface samples & partial geological mapping
- Paved highway, 2 hrs from Ayacucho city



Copper projects – potential added value

14 Copper Properties
CELINA
HUANTA
SELENA
BETANIA
MIGUEL
LUCERO
VIRNA
SAMANOSO
WINTER
ARCCAYA
PACHACONAS
PIA
CHUMILLE
PATAYPAMPA

San Antonio – Bolea Selling to ALTURAS

ALPACOCHA

MERLIN

PALPACACHI

CARANCAS SUR

ZARINA

SOFIA

MILLOHUAYCO

LIAM

Cristo de los Andes JV ANTARES

ANTAY

SABINA

JASPEROIDE

CALUMBRAYA

Former Southwestern Resources Copper Properties, Perú

- 100% Hochschild Project
- Active Joint Venture or Agreement
- 100% Hochschild Early-Stage Prospect

- Former SW Property
- Former SW JV
- Hochschild Properties

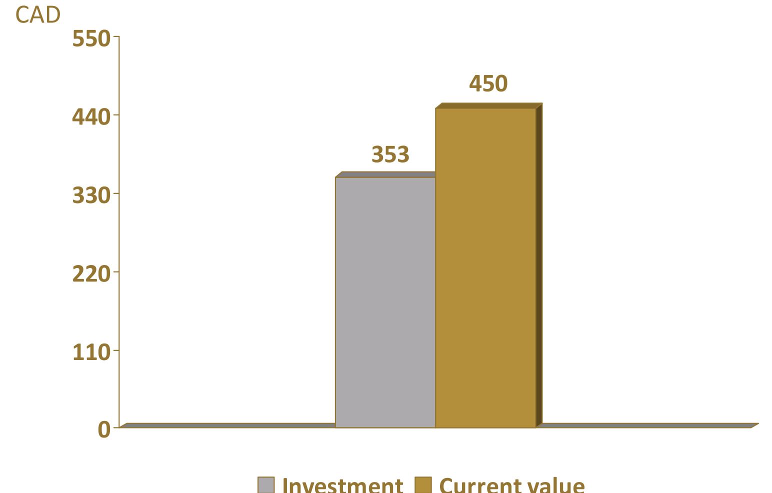
200 km

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3 Other investments

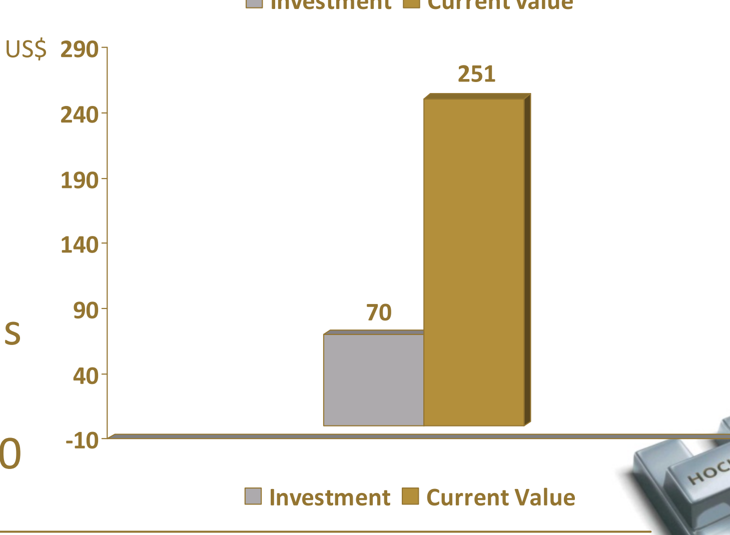
LAKE SHORE GOLD

- Ownership: 35%
- Large land properties in the prolific Timmins Gold Camp in Ontario, Canada
- Commercial production expected in Q4 2010
- Potential to produce over 300 koz of gold over the coming years



GOLD RESOURCE CORPORATION

- Located in southern Mexico, 28% ownership
- Commercial production commenced in July 2010
- Production target of 70 koz of gold in first 12 months commercial production
- Longer term target to triple annual production to 200 koz Au equivalent within 3 years



Source: Public information from Lake Shore Gold Corp. & GRC

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H110: Solid financial performance



Impressive results vs H109:

- Record H1 revenue of $306.9m, up 33%
- Costs remain in line with expectations
- EBITDA of $150.1m, up 51%
- Profit before tax trebled to $87.3m
- Interim dividend of $0.02 per share
- Solid financial position - cash balance of $91.0m

EPS MORE THAN DOUBLED TO $0.11 PER SHARE

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High potential for value creation



- LOM increased by 34% since 2009
- Azuca approaching pre-feasibility stage
- Robust project pipeline in premium mining locations
- Strategic investments delivering shareholder value
- Impressive financial results and solid balance sheet
- Strong precious metals prices



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Appendix



CONTACT US

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Isabel.lutgendorf@hocplc.com



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Profit & Loss summary

Profit & Loss $million	H110 Pre-exceptional	H109 Pre-exceptional
Revenue	306.9	230.6
Gross profit	154.8	95.1
Operating profit	97.8	56.0
EBITDA	150.1	99.3
Profit before tax	87.3	27.7
Net profit	56.1	19.2
Attrib. net profit	38.9	12.9
EPS	0.11	0.04

- Exceptional items in 1H ’10 include:
  - Extraordinary bonus (-US$8.9 m)
  - San Felipe impairment (-US$14.7 m)
  - Zincore & El Quevar (US$ 13.5m)

Balance Sheet summary

Balance sheet $million	H110	H109
Cash	91.0	77.8
PP&E	503.2	494.8
Total assets	1,320.2	1,305.9
Financial debt	258.7	228.8
Total liabilities	501.0	502.4
Equity	819.2	803.5

- Solid cash position
- Low leverage
- Total net debt/pre-exceptional annualized EBITDA: 0.56x



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